

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Al Snook was an unsuccessful candidate for Mayor of Garden Grove in the November 3, 1998 municipal general election. Respondent Snook for Mayor, Friends of Al “Big Al” (the “Committee”) was the controlled committee of Respondent Al Snook. Respondent Al Snook served as treasurer of Respondent Committee.

The Political Reform Act (the “Act”)<sup>1</sup> requires candidates and their controlled committees to maintain specified records of the contributions that they receive and the expenditures that they make. In this matter, Respondents failed to keep any records of the cash contributions that they received, and failed to maintain all other campaign records for a period of four years, as required by the Act.

For purposes of this Stipulation, Respondents’ violations are stated as follows:

COUNT 1: Respondents failed to maintain detailed accounts, records, bills and receipts that were necessary to prepare the first pre-election campaign statement for the reporting period July 1 through September 30, 1998, in violation of Section 84104.

COUNT 2: Respondents failed to maintain detailed accounts, records, bills and receipts that were necessary to prepare the second pre-election campaign statement for the reporting period October 1 through October 17, 1998, in violation of Section 84104.

COUNT 3: Respondents failed to maintain detailed accounts, records, bills and receipts that were necessary to prepare the post-election semi-annual campaign statement for the reporting period October 18 through December 31, 1998, in violation of Section 84104.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited.

In furtherance of this purpose of disclosure, the Act requires candidates and their controlled committees to file various campaign statements, disclosing the contributions that they have received and expenditures that they have made.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, title 2, section 18109 through 18996. All regulatory references are to Title 2 of the California Code of Regulations.

Section 84104 requires candidates and their controlled committees to maintain detailed campaign records, bills and receipts necessary for the preparation of campaign statements. Maintenance of these documents is essential to verifying the accuracy of campaign statements.

For contributions of \$25 or more, Regulation 18401, subdivision (a)(2) requires candidates and committees to keep a record of the date of each contribution, the amount of the contribution, and the full name and street address of the contributor. In addition to these records, the regulation further requires candidates and committees to keep original source documentation of each contribution, including copies of contributor checks, cashier's checks, money orders, wire transfers, deposit or duplicate deposit slips, and any other documents, reflecting all items deposited, and all deposits made, to any campaign account, in any bank or other financial institution. For contributions of \$100 or more, Regulation 18401, subdivision (a)(3) requires candidates and committees to keep records of the occupation and employer of each individual contributor.

For expenditures of \$25 or more, Regulation 18401, subdivision (a)(4) requires candidates and committees to keep a record of the date of each expenditure, the amount of the expenditure, the full name and street address of the payee, and a description of the goods or services for which the expenditure was made. In addition to these records, the regulation further requires candidates and committees to keep original source documentation of each expenditure, including cancelled checks, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting obligations incurred by the candidate or committee.

Regulation 18401, subdivision (b)(2) requires candidates and committees to maintain required campaign records for a period of four years following the date that the relevant campaign statement was filed.

## **SUMMARY OF THE FACTS**

Respondent Al Snook was an unsuccessful candidate for Mayor of Garden Grove in the November 3, 1998 municipal general election. Respondent Committee was the controlled committee of Respondent Al Snook. During the election, Respondent Al Snook and Respondent Committee received approximately \$15,000 in cash contributions, and made approximately \$15,000 in expenditures.

### **COUNT 1**

#### **Failure to Maintain Detailed Records and Receipts for 1st Pre-Election Statement**

Respondents were required by Section 84104 and Regulation 18401, subdivisions (a)(2) and (a)(4), to maintain contributor information for each contribution of \$25 or more, and payee information for each expenditure of \$25 or more. During the reporting period July 1 through September 30, 1998, Respondents received a total of \$4,120 in cash contributions. Respondents did not maintain any records reflecting the date of each cash contribution, the amount of the contribution, or the name and address of the contributor.

During the same reporting period, Respondents made \$1,851 in expenditures. One year after the election, staff employees of Respondent Al Snook destroyed all receipts for these expenditures, which were maintained by Respondent Al Snook with business records that are destroyed on a yearly basis.

By failing to maintain detailed records, bills and receipts for contributions received and expenditures made during the reporting period July 1 through September 30, 1998, Respondents violated Section 84104.

## COUNT 2

### **Failure to Maintain Detailed Records and Receipts for 2nd Pre-Election Statement**

During the reporting period October 1 through October 17, 1998, Respondents received a total of \$3,420 in cash contributions. Respondents did not maintain any records reflecting the date of each cash contribution, the amount of the contribution, or the name and address of the contributor. During the same reporting period, Respondents made \$1,770 in expenditures. One year after the election, staff employees of Respondent Al Snook destroyed all receipts for these expenditures, which were maintained by Respondent Al Snook with business records that are destroyed on a yearly basis.

By failing to maintain detailed records, bills and receipts for contributions received and expenditures made during the reporting period October 1 through October 17, 1998, Respondents violated Section 84104.

## COUNT 3

### **Failure to Maintain Detailed Records and Receipts for Semi-annual Statement**

During the reporting period October 18 through December 31, 1998, Respondents received a total of \$4,497 in cash contributions. Respondents did not maintain any records reflecting the date of each cash contribution, the amount of the contribution, or the name and address of the contributor. During the same reporting period, Respondents made \$9,310 in expenditures. One year after the election, staff employees of Respondent Al Snook destroyed all receipts for these expenditures, which were maintained by Respondent Al Snook with business records that are destroyed on a yearly basis.

By failing to maintain detailed records, bills and receipts for contributions received and expenditures made during the reporting period October 18 through December 31, 1998, Respondents violated Section 84104.

## **CONCLUSION**

This matter consists of three counts, which carries a maximum administrative penalty of Six Thousand Dollars (\$6,000).

The typical administrative penalty for destroying committee records before the end of the mandatory four-year retention period ranges from \$1,500 to \$2,000 per count, depending upon the facts of the case. In this case, the destruction of Respondents' campaign records appears to have been inadvertent on the part of Respondent Al Snook's employees. However, Respondents' failure to keep records of the cash contributions that they received made it impossible to determine whether Respondents committed other violations of the Act. Therefore, an administrative penalty in the typical settlement range is appropriate.

Accordingly, the facts of this case justify imposition of a total administrative penalty of \$4,500.